

Company Announcements
Australian Stock Exchange, Sydney

22 February 2016

Announcement of Half-Year Results – 31 December 2015

Half-year information given to the ASX under Listing Rule 4.2A

Please find attached the following documents with respect to the Group's results for the half-year ended 31 December 2015:

- Appendix 4D; and
- Interim financial report for the half-year ended 31 December 2015, including the auditor's unqualified review report.

This information should be read in conjunction with the most recent Annual Report of the Group for the financial year ended 30 June 2015.

Yours' sincerely,

A handwritten signature in dark ink, appearing to read 'Richard Proctor', written over a light grey rectangular background.

Richard Proctor
Company Secretary

Appendix 4D

Lodged with the ASX under Listing Rule 4.2A.3
Results for Announcement to the Market

Half-Year Ended 31 December 2015

(Previous corresponding period – Half-Year Ended 31 December 2014)

				\$
Revenue from ordinary activities	up	8%	to	4,790,736
Profit from ordinary activities before tax attributable to members	down	24%	to	1,138,641
Profit from ordinary activities after tax attributable to members	down	23%	to	846,952

Dividends per share	Amount per security	Franked amount per security
Interim Dividend – FY16 (proposed)	3.0 cents	3.0 cents
Final Dividend – FY15 (paid)	3.0 cents	3.0 cents

Record date for determining entitlements to the interim dividend is

4 March 2016

Explanation of Revenue

Revenue from continuing operations for the half-year totalled \$4,790,736 (HY14: \$4,444,417) representing an 8% increase over the previous corresponding period.

Our core recurring funds management income, prior to performance fees dropped 6% to \$3,963,633 from \$4,211,019 in HY14. However our Software revenue increased to \$616,865 from \$94,444 following the consolidation of StocksinValue business in to the Group.

The Clime Group had positive funds inflows from investors for the 6 month period to 31 December 2015, with gross funds under management (FUM) levels of approximately \$646 million at 31 December 2015. FUM stood at \$597 million at 31 December 2014.

Direct investment income declined from \$93,681 in HY14 to \$43,011 this half year, mainly due to mark to market movements on balance sheet investments.

Explanation of Net Profit

Clime Investment Management Limited recorded an after tax profit attributable to members of \$846,952 for the half-year to 31 December 2015 (HY14: \$1,103,782 profit).

Whilst our core recurring funds management income dropped slightly to \$3,963,633 from \$4,211,019, investment software revenue for the period was \$616,865 compared to \$94,444 during HY14; this was as result of Clime now owning 100% of the StocksinValue business whereas in prior period it was an associate.

Administration expenses were \$3,896,151 (compared to \$3,303,750 for HY 14). The increase in expenses arose from the consolidation of the StocksinValue business with some \$490k of expenses compared to nil for HY14.

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share before tax	\$0.40	\$0.42
Net tangible asset backing per ordinary share after tax	\$0.34	\$0.36

Dividends

Details of dividends/distributions declared or paid during or subsequent to the six months ended 31 December 2015 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend \$000's	Franked amount per security	Foreign sourced dividend amount per security
18 September 2015	25 September 2015	Final	3.0 cents	1,507	3.0 cents	-
4 March 2016	18 March 2016	Interim	3.0 cents	1,506	3.0 cents	-

Dividend/Distribution Reinvestment Plans

The consolidated entity does not currently operate a dividend/distribution reinvestment plan.

Associates and Joint Venture entities

Name	Ownership Interest		Contribution to net profit	
	Current period %	Previous corresponding period %	Current period \$	Previous corresponding period \$
JASCO Holdings Limited	21.8	22.6	516,820	465,320
Stocks in Value Pty Limited	-	50.0	-	-

Review

This report is based on accounts that have been reviewed. The unqualified review report is attached on page 15 of the attached Interim Financial Report.

CLIME INVESTMENT MANAGEMENT LIMITED

(ABN 37 067 185 899)

and Controlled Entities

Interim Financial Report - 31 December 2015

Clime Investment Management Limited

Level 7, 1 Market Street
Sydney NSW 2000
Telephone: +61 2 8917 2100
Facsimile: +61 2 8917 2155

ACN: 067 185 899 ABN: 37 067 185 899

www.clime.com.au

GENERAL PURPOSE INTERIM FINANCIAL REPORT 31 DECEMBER 2015

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DIRECTORS' REPORT

for the Half-Year ended 31 December 2015 Clime Investment Management Limited and Controlled Entities

Dear Shareholders

Your Directors present their report on the consolidated entity (Group) consisting of Clime Investment Management Limited and the entities it controlled ("Clime") for the half-year ended 31 December 2015.

Directors

The following persons were Directors of Clime Investment Management Limited during the financial period end up to the date of this report:

Donald McLay	-	Chairman
John Abernethy	-	Director
Richard Proctor	-	Director
Neil Schafer	-	Independent Director
Allyn Chant	-	Independent Director

Review of Operations

CIW has focused its attention on the development of its international offerings in the face of a volatile Australian equity market and increased vulnerability for the value of the Australian dollar. As at 31 January 2016, across its portfolios, CIW manages approximately \$147 million in assets in offshore markets and currencies (\$110m at 30 June). This diversification is seen as crucial for the ongoing investment performance for our clients.

Gross balances as at 31 December total \$646m (\$614m June 30) were as follows:

<u>FUM</u>	<u>31 December 2015</u>	<u>30 June 2015</u>
1. Clime Individually Managed Accounts	\$412 million	\$401 million
2. Clime Capital Limited	\$ 87 million	\$ 89 million
3. Managed Funds	\$147 million	\$124 million

It should be noted Clime Individually Managed Accounts do have funds invested in Clime Managed Funds; thus net group FUM totals \$553m (\$548m net June 30 2015). Clime had positive funds inflows from new and existing investors for the 6 month period to 31 December 2015; however a flat market combined with client drawdowns for pension and personal needs kept overall funds at flat levels.

Half-Year Result

Clime recorded an after-tax profit attributable to members of \$846,952 for the half-year to 31 December 2015 (31 December 2014 after-tax profit attributable to members was \$1,103,782).

Earnings per share for the six month period to 31 December 2015 were positive 1.6 cents per share (31 December 2014 2.3 cents per share).

On the next page is a simple format version of the Group's Profit and Loss to enable shareholders to distinguish between the operational business and the balance sheet income components.

Underlying cash profit for HY 2015 at \$1,577,740 is marginally less than the \$1,643,856 achieved in HY2014.

DIRECTORS' REPORT

for the Half-Year ended 31 December 2015 Clime Investment Management Limited and Controlled Entities

	31 December 2015	31 December 2014
	\$	\$
Funds Management and related activities revenue	3,963,633	4,211,019
Investment Software revenue	616,865	94,444
Administration and occupancy costs – fixed in nature	(2,641,190)	(2,405,982)
Third party custody, Management & Fund administration services	(596,525)	(399,202)
Operating business activities revenue less fixed admin costs	1,342,783	1,500,279
FUM growth incentives and marketing costs	(324,874)	(415,424)
Operating business margin	1,017,909	1,084,855
Balance sheet income	43,011	93,681
Associate	516,820	465,320
Underlying cash profit	1,577,740	1,643,856
Termination costs	(179,654)	-
Amortisation	(259,445)	(152,673)
Statutory profit before income tax	1,138,641	1,491,183

Funds management fees, of \$3,963,633 declined slightly from \$4,211,019 earned in HY2014, when the company had some \$150k of non- recurring fee income.

Becoming 100% owner of the StocksinValue business, the Group now consolidates software revenue and it has recorded \$616,865 compared to \$94,444 in HY2014.

Administration costs rose to \$2,641,190 in HY2015 from \$2,405,982 incurred in HY2014, primarily as result of becoming 100% owner of the StocksinValue business. Some \$490k of expenses relate to that business, thus we actually reduced the costs of our core funds management business.

Third Party Custody, Management & Funds Administration service costs have risen in the half year to \$596,525 from \$399,202 incurred in HY2014. The main component of that increase arose from the fee charged by third parties for the investment management of our International Fund and is consistent with the increase in FUM in the fund.

Balance sheet income comprises dividend and interest income as well as mark to market of our investment in Clime Capital Limited. For the 6 months to December 2015 we had \$210,238 of income being offset by \$167,226 mark down in Clime Capital Limited ordinary and preference shares.

Our investment in Jasco holdings performed well. For this reporting period our 21.75% share of the profit from Associate was \$516,820 compared to a profit of \$465,320 in HY14.

The company incurred a one-off termination cost of \$179,654. The redundancy cost arose from the merging of 2 senior roles into one. The streamlining of the management team has already reaped operational benefits and will save in excess of \$300k per annum going forward.

Amortisation rose this half year from \$152,673 to \$259,445 due to the amortisation of additional intangible assets arising from the June 2015 acquisition of the remaining 50% of StocksinValue (now 100% owned).

DIRECTORS' REPORT

for the Half-Year ended 31 December 2015 Clime Investment Management Limited and Controlled Entities

Summary of Total Equity

	31 December 2015	30 June 2015
	\$	\$
The Total Equity at balance date was comprised of the following:		
Cash and Cash Equivalents	5,813,939	7,504,730
Trade and other receivables less payables	(547,488)	(635,455)
Listed Investments – Clime Capital Limited	5,169,699	5,314,385
Listed Investments – Other	-	52,108
Unlisted Investments – Clime's Managed Funds	1,021,100	-
Investment in Associate – Jasco Holdings Limited	9,436,239	8,977,530
Other Tangible Assets and Liabilities	(4,072,750)	(4,501,812)
Net Tangible Assets	16,820,739	16,711,486
Intangibles – Goodwill and Management Contracts	7,187,963	7,447,406
Deferred Tax Assets	798,328	798,910
Total Equity	24,807,030	24,957,802
No. of Ordinary Shares on Issue as at 31 December 2015 / 30 June 2015	49,148,156	48,344,834
Equity per Share	50.5 cents	51.6 cents
Net Tangible Assets per Share	34.2 cents	34.6 cents

Dividend

During the six months to December 2015 shareholders received 3 cents per share fully franked dividend amounting to \$1.5m which was paid in September 2015.

Subsequent Events

An interim fully franked dividend of 3 cents per share, totalling \$1,505,945 has been declared by the directors. This provision has not been reflected in these accounts.

No other matters or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the future financial periods.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:



John Abernethy
Director

Sydney, 22 February 2016



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
sydneypartners@pitcher.com.au

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

Auditor's Independence Declaration to the Directors of Clime Investment Management Limited

As lead auditor for the review of Clime Investment Management Limited and its controlled entities for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Clime Investment Management Limited and the entities it controlled during the period.

Pitcher Partners

Scott Whiddett
Partner

Dated in Sydney, this 22nd day of February 2016

Clime Investment Management Limited

Interim Financial Statements - 31 December 2015

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These interim financial statements do not include all the notes of the type normally included in an annual report. Accordingly, these statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Clime Investment Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Half-Year ended 31 December 2015

Clime Investment Management Limited and Controlled Entities

	Half-year	
	31 December 2015 \$	31 December 2014 \$
Revenue	4,790,736	4,444,417
Net realised and unrealised loss on financial assets at fair value through profit or loss	<u>(167,226)</u>	<u>(45,273)</u>
	4,623,510	4,399,144
Occupancy expenses	(105,538)	(69,531)
Administration expenses	(3,896,151)	(3,303,750)
Share of profit of associate and joint venture	<u>516,820</u>	<u>465,320</u>
Profit before income tax	1,138,641	1,491,183
Income tax expense	<u>(341,780)</u>	<u>(401,468)</u>
Profit for the period	<u>796,861</u>	<u>1,089,715</u>
Other comprehensive income, net of income tax	<u>50,091</u>	<u>14,067</u>
Profit attributable to members of Clime Investment Management Limited	<u>846,952</u>	<u>1,103,782</u>
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	1.6 cents	2.3 cents
Diluted earnings per share	1.6 cents	2.2 cents

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

Clime Investment Management Limited and Controlled Entities

	31 December 2015 \$	30 June 2015 \$
ASSETS		
Current Assets		
Cash and cash equivalents	5,813,939	7,504,730
Trade and other receivables	460,532	1,313,959
Other current assets	162,123	124,014
Financial assets at fair value through profit or loss	6,190,799	5,366,494
Total Current Assets	<u>12,627,393</u>	<u>14,309,197</u>
Non-Current Assets		
Investments accounted for using the equity method	9,436,238	8,977,530
Property, plant and equipment	115,891	146,143
Deferred tax assets	798,328	798,910
Intangible assets	7,187,963	7,447,408
Total Non-Current Assets	<u>17,538,420</u>	<u>17,369,991</u>
Total Assets	<u>30,165,813</u>	<u>31,679,188</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	1,008,020	1,949,417
Unearned revenue	1,137,978	1,508,912
Current tax liabilities	446,357	551,336
Provisions	171,644	235,433
Total Current Liabilities	<u>2,763,999</u>	<u>4,245,098</u>
Non-Current Liabilities		
Deferred tax liabilities	2,594,784	2,476,288
Total Non-Current Liabilities	<u>2,594,784</u>	<u>2,476,288</u>
Total Liabilities	<u>5,358,783</u>	<u>6,721,386</u>
Net Assets	<u>24,807,030</u>	<u>24,957,802</u>
EQUITY		
Issued capital	21,942,048	21,377,217
Reserves	202,728	207,847
Retained earnings	2,662,254	3,372,738
Total Equity	<u>24,807,030</u>	<u>24,957,802</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Half-Year ended 31 December 2015

Clime Investment Management Limited and Controlled Entities

Consolidated	Issued capital	Share-based payments reserve	Other reserves	Retained earnings	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2014	20,701,542	175,166	-	3,086,777	23,963,485
Profit for the period	-	-	-	1,089,715	1,089,715
Other comprehensive income for the period net of tax	-	-	14,067	-	14,067
Total comprehensive income for the period net of tax	-	-	14,067	-	14,067
Transactions with equity holders in their capacity as equity holders:					
- Recognition of share-based payments	-	41,932	-	-	41,932
- Transfer of loan repayment to issued capital on completion of EIS loan term	384,375	-	-	-	384,375
- Transfer from share-based payments reserve to issued capital on completion of EIS loan term	85,600	(85,600)	-	-	-
- Dividends provided for or paid	-	-	-	(1,501,345)	(1,501,345)
Balance as at 31 December 2014	21,171,517	131,498	14,067	2,675,147	23,992,229
Profit for the period	-	-	-	2,198,936	2,198,936
Other comprehensive income for the period net of tax	-	-	69,975	-	69,975
Total comprehensive income for the period Net of Tax	-	-	69,975	2,198,936	2,268,911
Transactions with equity holders in their capacity as equity holders:					
- Recognition of share-based payments	-	32,007	-	-	32,007
- Transfer of loan repayment to issued capital on completion of EIS loan term	166,000	-	-	-	166,000
- Transfer from share-based payments reserve to issued capital on completion of EIS loan term	39,700	(39,700)	-	-	-
- Dividends provided for or paid	-	-	-	(1,501,345)	(1,501,345)
Balance as at 1 July 2015	21,377,217	123,805	84,042	3,372,738	24,957,802
Profit for the period	-	-	-	796,861	796,861
Other comprehensive income for the period net of tax	-	-	50,091	-	50,091
Total comprehensive income for the period	-	-	50,091	-	50,091
Transactions with equity holders in their capacity as equity holders:					
- On-market buy-back, including transaction costs	(30,369)	-	-	-	(30,369)
- Recognition of share-based payments	-	40,790	-	-	40,790
- Transfer from share-based payments reserve to issued capital on completion of EIS loan term	96,000	(96,000)	-	-	-
- Transfer of loan repayment to issued capital on completion of EIS loan term	499,200	-	-	-	499,200
- Dividends provided for or paid	-	-	-	(1,507,345)	(1,507,345)
Balance as at 31 December 2015	21,942,048	68,595	134,133	2,662,254	24,807,030

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT CASH FLOWS

for the Half-Year ended 31 December 2015

Clime Investment Management Limited and Controlled Entities

	Half-Year	
	31 December 2015	31 December 2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds on sale of financial assets at fair value through profit or loss	159,269	786,475
Payments for financial assets at fair value through profit or loss	(1,150,901)	(169,699)
	(991,632)	616,776
Fees received in the course of operations	5,575,629	4,303,311
Expense payments in the course of operations	(4,724,810)	(3,955,749)
Dividends received	145,184	154,911
Dividends received from associate	129,669	137,257
Interest received	65,053	63,520
Income tax paid	(349,148)	(140,924)
Net cash inflow (used in)/ provided by operating activities	(150,055)	1,179,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(3,022)	(58,628)
Proceeds from disposal of property, plant & equipment	-	1,004,872
Net cash inflow (used in)/provided by investing activities	(3,022)	946,244
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for shares bought back (net of transaction costs) – refer note 3	(30,369)	-
Dividends paid to company's shareholders	(1,507,345)	(1,501,345)
Net cash used in financing activities	(1,537,714)	(1,501,345)
Net (decrease)/increase in cash and cash equivalents	(1,690,791)	624,001
Cash and cash equivalents at beginning of the period	7,504,730	4,884,624
Cash and cash equivalents at end of the period	5,813,939	5,508,625

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year ended 31 December 2015

Clime Investment Management Limited and Controlled Entities

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

(a) Basis of accounting

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

These half-year financial statements are prepared in accordance with the historical cost convention with the exception of the valuation of investments.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Details of Reporting Period

The current reporting period is the half year ended 31 December 2015. For the Statement of Profit or Loss and Other Comprehensive Income, State of Changes in Equity and the Statement of Cash Flow, the previous corresponding period is the half year ended 31 December 2014. For the Statement of Financial Position, the previous corresponding date is 30 June 2015.

(b) Accounting policies

The accounting policies applied in these interim financial statements have been applied consistently throughout the period and are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2015.

There are no new and revised accounting requirements significantly affecting the half yearly financial report. The half year financial report was authorised for issue on 22 February 2016.

NOTE 2: DIVIDENDS

	Half-year	
	2015 \$	2014 \$
Fully Paid Ordinary Shares		
3 cents per share (2014: 3 cents) fully franked dividends were paid during the period in respect of the previous financial year	1,507,345	1,501,345

NOTE 3: ISSUING AND REPURCHASES OF EQUITY SECURITIES

	Half-year		Half-year	
	2015 No. of Shares	2014 No. of Shares	2015 \$	2014 \$
Repurchases of ordinary shares during the half-year				
On-market buy-back of ordinary shares during the half-year	46,678	-	30,369	-

Employee Incentive Scheme ("EIS")

As at 31 December 2015, there are 1,050,000 (December 2014: 2,125,000) EIS 'in-substance' options on issue. During the period 375,000 new in-substance options were granted, 850,000 in-substance options were exercised and \$175,000 in-substance options were transferred/forfeited during the period.

Share options granted under the Company's employee incentive scheme carry no rights to dividends and no voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year ended 31 December 2015

Clime Investment Management Limited and Controlled Entities

NOTE 4: SEGMENT INFORMATION

Our internal reporting system produces reports in which business activities are presented in a variety of ways. Based on these reports, the Executive Board, which is responsible for assessing the performance of various components of the business and making resource allocation decisions as our Chief Operating Decision Maker (CODM), evaluates the business activities in a number of different ways. The Group's reportable segments under AASB 8 are as follows:

- Funds management
- Investment software
- Direct investments

Funds Management

The Group's Funds Management business, Clime Asset Management Pty Ltd is based in Sydney. This business generates operating revenue (investment management and performance fees) as remuneration for managing the investment portfolios of individuals and corporations.

Investment Software

Consulting revenue is generated from the provision of investment research analysis to institutional clients, and wealth structuring and taxation advice to high net worth private clients. Revenue generated from external subscriptions to the Group's proprietary web-based investment software, Stocks in Value is also included within this division.

Direct Investments

Includes revenue generated by the Group's direct investments in listed and unlisted securities and managed investment schemes. A significant proportion of the Group's direct investments are 'self-managed' and include material investments in the ASX listed company Clime Capital Limited and the unlisted, unregistered managed fund The Clime Australian Income Fund.

From 30 June 2015, the Group has consolidated 100% of Stocks in Value as a subsidiary, as it gained control on this date in accordance with AASB 10 *Consolidated Financial Statements*. Other than this change, there have been no changes in basis of segmentation or basis of segment profit or loss since the previous financial report.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue Half-year ended		Segment Profit/ (Loss) Half-year ended	
	31 Dec 2015 \$	31 Dec 2014 \$	31 Dec 2015 \$	31 Dec 2014 \$
Funds management	3,963,634	4,211,019	1,111,887	1,460,012
Investment Software	616,865	94,444	49,230	94,444
Direct investments	43,011	93,681	43,011	93,681
	<u>4,623,510</u>	<u>4,399,144</u>	<u>1,204,128</u>	<u>1,648,137</u>
Share of profits of associate and joint venture accounted for using the equity method			516,820	465,320
Central administration costs			(582,307)	(622,274)
Profit before tax from continuing operations			<u>1,138,641</u>	<u>1,491,183</u>
Income tax expense			(341,780)	(401,468)
Consolidated segment revenue and profit for the period	<u>4,623,510</u>	<u>4,399,144</u>	<u>796,861</u>	<u>1,089,715</u>

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year ended 31 December 2015

Clime Investment Management Limited and Controlled Entities

NOTE 4: SEGMENT INFORMATION (CONT.)

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, and income tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information about the segment assets and liabilities are not regularly reviewed by the CODM. As a result information relating to segment assets and liabilities are not presented.

NOTE 5: EVENTS OCCURRING AFTER THE REPORTING DATE

An interim fully franked dividend of 3 cents (2014: 3 cents) per share, totalling \$1,505,945 (2014: \$1,501,345) has been declared by the directors. This provision has not been reflected in the accounts.

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 6: CONTINGENT LIABILITIES AND COMMITMENTS

There has been no material change in contingent liabilities or commitments since the last annual reporting date.

NOTE 7: FAIR VALUE MEASUREMENT

The Group measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

All financial instruments that are measured subsequent to initial recognition at fair value comprise financial assets at fair value through profit or loss, available-for-sale financial assets and contingent consideration.

At 31 December 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
- Listed equities and funds	5,166,239	-	-	5,166,239
- Listed preference shares	3,460	-	-	3,460
- Unlisted funds	-	1,021,100	-	1,021,100
	5,169,699	1,021,100	-	6,190,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the Half-Year ended 31 December 2015

Clime Investment Management Limited and Controlled Entities

NOTE 7: FAIR VALUE MEASUREMENT (CONT.)

At 30 June 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
- Listed equities and funds	5,241,090	-	-	5,241,090
- Listed preference shares	117,200	-	-	117,200
- Listed options	8,204	-	-	8,204
	5,366,494	-	-	5,366,494

(ii) Transfers between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(iii) Fair value of financial instruments not carried at fair value

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior period.

(iv) Valuation technique

Listed Investment in equity and preference securities and managed funds

When fair values of publicly traded equities and preference securities and managed funds are based on quoted market prices in an active market, the instruments are included within Level 1 of the hierarchy. The Group values these investments at closing prices at year end.

Unlisted managed funds

The Group invests in managed funds, which are not quoted in an active market. The Group considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measure their fair value. In measuring this fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Group classified these funds as Level 2.

DIRECTORS' DECLARATION

for the Half-Year ended 31 December 2015

Clime Investment Management Limited and Controlled Entities

The Directors of the Company declare that:

- (a) the financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*; and
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors' and is signed for and on behalf of the Directors' by:



John Abernethy

Director

Sydney, 22 February 2016



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
sydneypartners@pitcher.com.au

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Independent Auditor's Review Report to the Members of Clime Investment Management Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Clime Investment Management Limited ("the company") and its Controlled Entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Clime Investment Management Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of an Interim Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *"Interim Financial Reporting"* and the *Corporations Regulations 2001*. As the auditor of Clime Investment Management Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Clime Investment Management Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Pitcher Partners



Scott Whiddett
Partner

Dated in Sydney, this 22nd day of February 2016